

Senate Study Bill 1309

SENATE FILE _____
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CO=CHAIRPERSON ZIEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to property taxation as a source of funding for
2 local government and school district budgets by changing the
3 homestead credit and military service credit to an exemption
4 from assessed value and eliminating state reimbursement for
5 those credits, eliminating the tie between assessment
6 limitations on certain property, modifying the definition of
7 residential property for purposes of property tax
8 classification, increasing the square foot tax rate on mobile
9 and manufactured homes, imposing a maximum property tax
10 dollars limitation on counties and cities, modifying the
11 requirements for exceeding county or city levy limitations at
12 an election, providing for an increase in the school
13 foundation property tax, providing for an increase and
14 expansion of the foundation base, providing for the repeal of
15 designated school district property tax levies, modifying
16 computation of the agricultural land and family farm tax
17 credits and eliminating state reimbursement for those credits,
18 making modifications to urban renewal and tax increment
19 financing law, and including effective dates, retroactive
20 applicability dates, and implementation provisions.
21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
22 TLSB 2191XC 81
23 sc/cf/24

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1 1 DIVISION I
1 2 ASSESSMENT OF PROPERTY AND PROPERTY
1 3 TAX CREDITS AND EXEMPTIONS
1 4 Section 1. Section 25B.7, subsection 2, Code 2005, is
1 5 amended to read as follows:
1 6 2. The requirement for fully funding and the consequences
1 7 of not fully funding credits and exemptions under subsection 1
1 8 also apply to ~~all of the following:~~
1 9 ~~a. Homestead tax credit pursuant to sections 425.1 through~~
~~1 10 425.15.~~
1 11 ~~b. Low-income the low-income property tax credit and~~
1 12 ~~elderly and disabled property tax credit pursuant to sections~~
1 13 ~~425.16 through 425.40.~~
1 14 ~~c. Military service property tax credit and exemption~~
~~1 15 pursuant to chapter 426A, to the extent of six dollars and~~
~~1 16 ninety-two cents per thousand dollars of assessed value of the~~
~~1 17 exempt property.~~
1 18 Sec. 2. Section 100.18, subsection 2, paragraph b, Code
1 19 2005, is amended to read as follows:
1 20 b. The rules shall require the installation of smoke
1 21 detectors in existing single-family rental units and multiple=
1 22 unit residential buildings. Existing single-family dwelling
1 23 units shall be equipped with approved smoke detectors. A
1 24 person who files for a homestead ~~credit exemption~~ pursuant to
1 25 chapter 425 shall certify that the single-family dwelling unit
1 26 for which the ~~credit exemption~~ is filed has a smoke detector
1 27 installed in compliance with this section, or that one will be
1 28 installed within thirty days of the date the filing for the
1 29 ~~credit exemption~~ is made. The state fire marshal shall adopt
1 30 rules and establish appropriate procedures to administer this
1 31 subsection.
1 32 Sec. 3. Section 216.12, subsection 5, Code 2005, is
1 33 amended to read as follows:
1 34 5. The rental or leasing of a housing accommodation in a

1 35 building which contains housing accommodations for not more
2 1 than four families living independently of each other, if the
2 2 owner resides in one of the housing accommodations for which
2 3 the owner qualifies for the homestead tax ~~credit exemption~~
2 4 under section 425.1.

2 5 Sec. 4. Section 331.512, subsection 3, Code 2005, is
2 6 amended to read as follows:

2 7 3. Carry out duties relating to the homestead tax ~~credit~~
2 8 ~~exemption, the military tax exemption, and the agricultural~~
2 9 ~~land tax credit as provided in chapters 425, and 426, and~~
2 10 ~~426A.~~

2 11 Sec. 5. Section 331.512, subsection 4, Code 2005, is
2 12 amended by striking the subsection.

2 13 Sec. 6. Section 331.559, subsections 12 and 14, Code 2005,
2 14 are amended to read as follows:

2 15 12. Carry out duties relating to the administration of the
2 16 homestead tax ~~exemption and rent reimbursement or~~
2 17 ~~extraordinary property tax credit as provided in sections~~
2 18 ~~425.4, 425.5, 425.7, 425.9, 425.10, and 425.25 chapter 425.~~

2 19 14. Carry out duties relating to the administration of the
2 20 military service tax ~~credit exemption~~ as provided in ~~sections~~
2 21 ~~426A.3, 426A.5, 426A.8 and 426A.9 chapter 426A.~~

2 22 Sec. 7. Section 404.3, subsection 1, Code 2005, is amended
2 23 to read as follows:

2 24 1. All qualified real estate assessed as residential
2 25 property is eligible to receive an exemption from taxation
2 26 based on the actual value added by the improvements. The
2 27 exemption is for a period of ten years. The amount of the
2 28 exemption is equal to a percent of the actual value added by
2 29 the improvements, determined as follows: One hundred fifteen
2 30 percent of the value added by the improvements. However, the
2 31 amount of the actual value added by the improvements which
2 32 shall be used to compute the exemption shall not exceed twenty
2 33 thousand dollars and the granting of the exemption shall not
2 34 result in the actual value of the qualified real estate being
2 35 reduced below the ~~actual value on which amount of the~~
3 1 ~~homestead credit is computed exemption~~ under section 425.1.

3 2 Sec. 8. Section 425.1, Code 2005, is amended by striking
3 3 the section and inserting in lieu thereof the following:

3 4 425.1 HOMESTEAD ASSESSMENT REDUCTION.

3 5 For valuations established pursuant to section 441.21, as
3 6 of January 1, 2006, and for subsequent assessment years, the
3 7 actual value at which an eligible homestead is assessed shall
3 8 be reduced by four thousand eight hundred fifty dollars. The
3 9 reduction allowed under this part shall be applied after any
3 10 adjustments are made in section 441.21.

3 11 Sec. 9. Section 425.2, Code 2005, is amended to read as
3 12 follows:

3 13 425.2 QUALIFYING FOR ~~CREDIT~~ EXEMPTION.

3 14 A person who wishes to qualify for the ~~credit exemption~~
3 15 allowed under this chapter shall obtain the appropriate forms
3 16 for filing for the ~~credit exemption~~ from the assessor. The
3 17 person claiming the ~~credit exemption~~ shall file a verified
3 18 statement and designation of homestead with the assessor for
3 19 the year for which the person is first claiming the ~~credit~~
3 20 ~~exemption~~. The claim shall be filed not later than July 1 of
3 21 the year for which the person is claiming the ~~credit~~
3 22 ~~exemption~~. A claim filed after July 1 of the year for which
3 23 the person is claiming the ~~credit exemption~~ shall be
3 24 considered as a claim filed for the following year.

3 25 Upon the filing and allowance of the claim, the claim shall
3 26 be allowed on that homestead for successive years without
3 27 further filing as long as the property is legally or equitably
3 28 owned and used as a homestead by that person or that person's
3 29 spouse on July 1 of each of those successive years, and the
3 30 owner of the property being claimed as a homestead declares
3 31 residency in Iowa for purposes of income taxation, and the
3 32 property is occupied by that person or that person's spouse
3 33 for at least six months in each of those calendar years in
3 34 which the fiscal year begins. When the property is sold or
3 35 transferred, the buyer or transferee who wishes to qualify
4 1 shall refile for the ~~credit exemption~~. However, when the
4 2 property is transferred as part of a distribution made
4 3 pursuant to chapter 598, the transferee who is the spouse
4 4 retaining ownership of the property is not required to refile
4 5 for the ~~credit exemption~~. Property divided pursuant to
4 6 chapter 598 shall not be modified following the division of
4 7 the property. An owner who ceases to use a property for a
4 8 homestead or intends not to use it as a homestead for at least
4 9 six months in a calendar year shall provide written notice to
4 10 the assessor by July 1 following the date on which the use is

4 11 changed. A person who sells or transfers a homestead or the
4 12 personal representative of a deceased person who had a
4 13 homestead at the time of death, shall provide written notice
4 14 to the assessor that the property is no longer the homestead
4 15 of the former claimant.

4 16 In case the owner of the homestead is in active service in
4 17 the armed forces of this state or of the United States, or is
4 18 sixty=five years of age or older, or is disabled, the
4 19 statement and designation may be signed and delivered by any
4 20 member of the owner's family, by the owner's guardian or
4 21 conservator, or by any other person who may represent the
4 22 owner under power of attorney. If the owner of the homestead
4 23 is married, the spouse may sign and deliver the statement and
4 24 designation. The director of human services or the director's
4 25 designee may make application for the benefits of this chapter
4 26 as the agent for and on behalf of persons receiving assistance
4 27 under chapter 249.

4 28 Any person sixty=five years of age or older or any person
4 29 who is disabled may request, in writing, from the appropriate
4 30 assessor forms for filing for the homestead tax credit
4 31 exemption. Any person sixty=five years of age or older or who
4 32 is disabled may complete the form, which shall include a
4 33 statement of homestead, and mail or return it to the
4 34 appropriate assessor. The signature of the claimant on the
4 35 statement shall be considered the claimant's acknowledgment
5 1 that all statements and facts entered on the form are correct
5 2 to the best of the claimant's knowledge.

5 3 Upon adoption of a resolution by the county board of
5 4 supervisors, any person may request, in writing, from the
5 5 appropriate assessor forms for the filing for the homestead
5 6 tax credit exemption. The person may complete the form, which
5 7 shall include a statement of homestead, and mail or return it
5 8 to the appropriate assessor. The signature of the claimant on
5 9 the statement of homestead shall be considered the claimant's
5 10 acknowledgment that all statements and facts entered on the
5 11 form are correct to the best of the claimant's knowledge.

5 12 Sec. 10. Section 425.3, unnumbered paragraph 4, Code 2005,
5 13 is amended to read as follows:

5 14 The county auditor shall forward the claims to the board of
5 15 supervisors. The board shall allow or disallow the claims.
5 16 If the board disallows a claim, it shall send written notice,
5 17 by mail, to the claimant at the claimant's last known address.
5 18 The notice shall state the reasons for disallowing the claim
5 19 for the credit exemption. The board is not required to send
5 20 notice that a claim is disallowed if the claimant voluntarily
5 21 withdraws the claim.

5 22 Sec. 11. Section 425.6, Code 2005, is amended to read as
5 23 follows:

5 24 425.6 WAIVER BY NEGLECT.

5 25 If a person fails to file a claim or to have a claim on
5 26 file with the assessor for the credits exemption provided in
5 27 this chapter, the person is deemed to have waived the
5 28 homestead credit exemption for the year in which the person
5 29 failed to file the claim or to have a claim on file with the
5 30 assessor.

5 31 Sec. 12. Section 425.7, subsection 3, Code 2005, is
5 32 amended to read as follows:

5 33 3. If the director of revenue determines that a claim for
5 34 the homestead credit exemption has been allowed by the board
5 35 of supervisors which is not justifiable under the law and not
6 1 substantiated by proper facts, the director may, at any time
6 2 within thirty=six months from July 1 of the year in which the
6 3 claim is allowed, set aside the allowance. Notice of the
6 4 disallowance shall be given to the county auditor of the
6 5 county in which the claim has been improperly granted and a
6 6 written notice of the disallowance shall also be addressed to
6 7 the claimant at the claimant's last known address. The
6 8 claimant or board of supervisors may appeal to the state board
6 9 of tax review pursuant to section 421.1, subsection 4. The
6 10 claimant or the board of supervisors may seek judicial review
6 11 of the action of the state board of tax review in accordance
6 12 with chapter 17A.

6 13 If a claim is disallowed by the director of revenue and not
6 14 appealed to the state board of tax review or appealed to the
6 15 state board of tax review and thereafter upheld upon final
6 16 resolution, including any judicial review, ~~any amounts of~~
~~6 17 credits allowed and paid from the homestead credit fund~~
~~6 18 including the penalty, if any, the taxes that would have been~~
~~6 19 due on the disallowed claim, if not otherwise paid, shall~~
6 20 become a lien upon the property on which credit the exemption
6 21 was originally granted, if still in the hands of the claimant,

6 22 and not in the hands of a bona fide purchaser, and any amount
6 23 ~~so erroneously of such taxes not paid~~ including the penalty,
6 24 if any, shall be collected by the county treasurer in the same
6 25 manner as other taxes ~~and the collections shall be returned to~~
~~6 26 the department of revenue and credited to the homestead credit~~
~~6 27 fund. The director of revenue may institute legal proceedings~~
~~6 28 against a homestead credit claimant for the collection of~~
~~6 29 payments made on disallowed credits and the penalty, if any.~~
6 30 If a person makes a false claim or affidavit with fraudulent
6 31 intent to obtain the homestead credit exemption, the person is
6 32 guilty of a fraudulent practice and the claim shall be
6 33 disallowed in full. ~~If the credit has been paid, the amount~~
~~6 34 of the credit plus a penalty equal to twenty-five percent of~~
~~6 35 the amount of credit plus interest, at the rate in effect~~
~~7 1 under section 421.7, from the time of payment shall be~~
~~7 2 collected by the county treasurer in the same manner as other~~
~~7 3 property taxes, penalty, and interest are collected and when~~
~~7 4 collected shall be paid to the director of revenue. If a~~
7 5 homestead credit exemption is disallowed and the claimant
7 6 failed to give written notice to the assessor as required by
7 7 section 425.2 when the property ceased to be used as a
7 8 homestead by the claimant, a civil penalty equal to five
7 9 percent of the amount of the taxes that would have been due on
7 10 the disallowed credit exemption is assessed against the
7 11 claimant.

7 12 Sec. 13. Section 425.8, unnumbered paragraph 1, Code 2005,
7 13 is amended to read as follows:

7 14 The director of revenue shall prescribe the form for the
7 15 making of verified statement and designation of homestead, the
7 16 form for the supporting affidavits required herein, and such
7 17 other forms as may be necessary for the proper administration
7 18 of this chapter. Whenever necessary, the department of
7 19 revenue shall forward to the county auditors of the several
7 20 counties in the state the prescribed sample forms, and the
7 21 county auditors shall furnish blank forms prepared in
7 22 accordance therewith with the assessment rolls, books, and
7 23 supplies delivered to the assessors. The department of
7 24 revenue shall prescribe and the county auditors shall provide
7 25 on the forms for claiming the homestead credit exemption a
7 26 statement to the effect that the owner realizes that the owner
7 27 must give written notice to the assessor when the owner
7 28 changes the use of the property.

7 29 Sec. 14. Section 425.9, Code 2005, is amended by striking
7 30 the section and inserting in lieu thereof the following:

7 31 425.9 EXEMPTIONS == APPEAL == CREDIT.

7 32 If any claim for exemption made under this chapter has been
7 33 denied by the board of supervisors, and such action is
7 34 subsequently reversed on appeal, the exemption shall be
7 35 allowed on the homestead involved in the appeal, and the
8 1 director of revenue, the county auditor, and the county
8 2 treasurer shall change their books and records accordingly.

8 3 If the tax has been levied on the exemption amount of the
8 4 homestead of the appealing taxpayer or the appealing taxpayer
8 5 has paid one or both of the installments of the tax payable in
8 6 the year or years in question on such homestead valuation, a
8 7 credit for such taxes shall be applied to the property if
8 8 still in the hands of the claimant.

8 9 Sec. 15. Section 425.10, Code 2005, is amended to read as
8 10 follows:

8 11 425.10 REVERSAL OF ALLOWED CLAIM.

8 12 In the event any claim is allowed, and subsequently
8 13 reversed on appeal, any credit exemption made thereunder shall
8 14 be void, and the amount of ~~such credit~~ the taxes that would
8 15 have been due on the exemption shall be charged against the
8 16 property in question, and the director of revenue, the county
8 17 auditor, and the county treasurer are authorized and directed
8 18 to correct their books and records accordingly. The amount of
8 19 such taxes due on the erroneous credit exemption, when
8 20 collected, shall be returned distributed by the county
8 21 treasurer to the ~~homestead credit fund to be reallocated the~~
~~8 22 following year as provided herein other jurisdictions in the~~
8 23 same proportion as the other taxes.

8 24 Sec. 16. Section 425.11, subsection 3, paragraph a,
8 25 unnumbered paragraph 1, Code 2005, is amended to read as
8 26 follows:

8 27 The homestead includes the dwelling house which the owner,
8 28 in good faith, is occupying as a home on July 1 of the year
8 29 for which the credit exemption is claimed and occupies as a
8 30 home for at least six months during the calendar year in which
8 31 the fiscal year begins, except as otherwise provided.

8 32 Sec. 17. Section 425.11, subsection 3, paragraph c, Code

8 33 2005, is amended to read as follows:

8 34 c. It must not embrace more than one dwelling house, but
8 35 where a homestead has more than one dwelling house situated
9 1 thereon, the ~~credit exemption~~ provided for in this chapter
9 2 shall apply to the home and buildings used by the owner, but
9 3 shall not apply to any other dwelling house and buildings
9 4 appurtenant.

9 5 Sec. 18. Section 425.11, subsection 4, unnumbered
9 6 paragraph 1, Code 2005, is amended to read as follows:

9 7 The word "owner" shall mean the person who holds the fee
9 8 simple title to the homestead, and in addition shall mean the
9 9 person occupying as a surviving spouse or the person occupying
9 10 under a contract of purchase which contract has been recorded
9 11 in the office of the county recorder of the county in which
9 12 the property is located, or the person occupying the homestead
9 13 under devise or by operation of the inheritance laws where the
9 14 whole interest passes or where the divided interest is shared
9 15 only by persons related or formerly related to each other by
9 16 blood, marriage or adoption, or the person occupying the
9 17 homestead is a shareholder of a family farm corporation that
9 18 owns the property, or the person occupying the homestead under
9 19 a deed which conveys a divided interest where the divided
9 20 interest is shared only by persons related or formerly related
9 21 to each other by blood, marriage or adoption or where the
9 22 person occupying the homestead holds a life estate with the
9 23 reversion interest held by a nonprofit corporation organized
9 24 under chapter 504 or 504A, provided that the holder of the
9 25 life estate is liable for and pays property tax on the
9 26 homestead or where the person occupying the homestead holds an
9 27 interest in a horizontal property regime under chapter 499B,
9 28 regardless of whether the underlying land committed to the
9 29 horizontal property regime is in fee or as a leasehold
9 30 interest, provided that the holder of the interest in the
9 31 horizontal property regime is liable for and pays property tax
9 32 on the homestead. For the purpose of this chapter the word
9 33 "owner" shall be construed to mean a bona fide owner and not
9 34 one for the purpose only of availing the person of the
9 35 benefits of this chapter. In order to qualify for the
10 1 homestead tax ~~credit exemption~~, evidence of ownership shall be
10 2 on file in the office of the clerk of the district court or
10 3 recorded in the office of the county recorder at the time the
10 4 owner files with the assessor a verified statement of the
10 5 homestead claimed by the owner as provided in section 425.2.

10 6 Sec. 19. Section 425.12, Code 2005, is amended to read as
10 7 follows:

10 8 425.12 INDIAN LAND.

10 9 Each forty acres of land, or fraction thereof, occupied by
10 10 a member or members of the Sac and Fox Indians in Tama county,
10 11 which land is held in trust by the secretary of the interior
10 12 of the United States for said Indians, shall be given a
10 13 homestead tax ~~credit exemption~~ within the meaning and under
10 14 the provisions of this chapter. Application for such
10 15 homestead tax ~~credit exemption~~ shall be made to the county
10 16 auditor of Tama county and may be made by a representative of
10 17 the tribal council.

10 18 Sec. 20. Section 425.13, Code 2005, is amended to read as
10 19 follows:

10 20 425.13 CONSPIRACY TO DEFRAUD.

10 21 If any two or more persons conspire and confederate
10 22 together with fraudulent intent to obtain the ~~credit exemption~~
10 23 provided for under the terms of this chapter by making a false
10 24 deed, or a false contract of purchase, they are guilty of a
10 25 fraudulent practice.

10 26 Sec. 21. Section 425.15, Code 2005, is amended to read as
10 27 follows:

10 28 425.15 DISABLED VETERAN TAX ~~CREDIT EXEMPTION~~.

10 29 If the owner of a homestead allowed ~~a credit an exemption~~
10 30 under this chapter is a veteran of any of the military forces
10 31 of the United States, who acquired the homestead under 38
10 32 U.S.C. } 21.801, 21.802, or 38 U.S.C. } 2101, 2102, the ~~credit~~
10 33 ~~exemption~~ allowed on the homestead ~~from the homestead credit~~
~~10 34 fund~~ shall be the entire amount of the ~~tax levied assessed~~
10 35 ~~value~~ on the homestead. The ~~credit exemption~~ allowed shall be
11 1 continued to the estate of a veteran who is deceased or the
11 2 surviving spouse and any child, as defined in section 234.1,
11 3 who are the beneficiaries of a deceased veteran, so long as
11 4 the surviving spouse remains unmarried. This section is not
11 5 applicable to the holder of title to any homestead whose
11 6 annual income, together with that of the titleholder's spouse,
11 7 if any, for the last preceding twelve-month income tax
11 8 accounting period exceeds thirty-five thousand dollars. For

11 9 the purpose of this section "income" means taxable income for
11 10 federal income tax purposes plus income from securities of
11 11 state and other political subdivisions exempt from federal
11 12 income tax. A veteran or a beneficiary of a veteran who
11 13 elects to secure the credit exemption provided in this section
11 14 is not eligible for any other real property tax exemption
11 15 provided by law for veterans of military service. If a
11 16 veteran acquires a different homestead, the credit exemption
11 17 allowed under this section may be claimed on the new homestead
11 18 unless the veteran fails to meet the other requirements of
11 19 this section.

11 20 Sec. 22. Section 425.16, Code 2005, is amended to read as
11 21 follows:

11 22 425.16 ADDITIONAL TAX CREDIT.

11 23 In addition to the homestead tax credit exemption allowed
11 24 under section 425.1, subsections 1 to 4, persons who own or
11 25 rent their homesteads and who meet the qualifications provided
11 26 in this division are eligible for an extraordinary property
11 27 tax credit or reimbursement.

11 28 Sec. 23. Section 426A.6, Code 2005, is amended to read as
11 29 follows:

11 30 426A.6 SETTING ASIDE ALLOWANCE.

11 31 If the director of revenue determines that a claim for
11 32 military service tax exemption has been allowed by a board of
11 33 supervisors which is not justifiable under the law and not
11 34 substantiated by proper facts, the director may, at any time
11 35 within thirty-six months from July 1 of the year in which the
12 1 claim is allowed, set aside the allowance. Notice of the
12 2 disallowance shall be given to the county auditor of the
12 3 county in which the claim has been improperly granted and a
12 4 written notice of the disallowance shall also be addressed to
12 5 the claimant at the claimant's last known address. The
12 6 claimant or the board of supervisors may appeal to the state
12 7 board of tax review pursuant to section 421.1, subsection 4.
12 8 The claimant or the board of supervisors may seek judicial
12 9 review of the action of the state board of tax review in
12 10 accordance with chapter 17A. If a claim is disallowed by the
12 11 director of revenue and not appealed to the state board of tax
12 12 review or appealed to the state board of tax review and
12 13 thereafter upheld upon final resolution, including judicial
12 14 review, the ~~credits allowed and paid from the general fund of~~
~~12 15 the state taxes that would have been due on the disallowed~~
~~12 16 claim, if not otherwise paid, shall become a lien upon the~~
12 17 property on which the credit was originally granted, if still
12 18 in the hands of the claimant and not in the hands of a bona
12 19 fide purchaser, the amount so erroneously of such taxes not
12 20 paid shall be collected by the county treasurer in the same
12 21 manner as other taxes, ~~and the collections shall be returned~~
~~12 22 to the department of revenue and credited to the general fund~~
~~12 23 of the state.~~ The ~~director of revenue~~ county attorney may
12 24 institute legal proceedings against a military service tax
12 25 exemption claimant for the collection of payments made on
12 26 disallowed exemptions.

12 27 Sec. 24. Section 426A.8, Code 2005, is amended by striking
12 28 the section and inserting in lieu thereof the following:

12 29 426A.8 APPEALS.

12 30 If any claim for exemption made has been denied by the
12 31 board of supervisors, and the action is subsequently reversed
12 32 on appeal, the exemption shall be allowed on the assessed
12 33 valuation, and the county auditor and the county treasurer
12 34 shall change their books and records accordingly.

12 35 If the appealing taxpayer has paid one or both of the
13 1 installments of the tax payable in the year or years in
13 2 question on such military service tax exemption valuation, a
13 3 credit for such taxes shall be applied to the property if
13 4 still in the hands of the claimant.

13 5 Sec. 25. Section 426A.9, Code 2005, is amended to read as
13 6 follows:

13 7 426A.9 ERRONEOUS ~~CREDITS~~ EXEMPTIONS.

13 8 If any claim is allowed, and subsequently reversed on
13 9 appeal, any credit exemption shall be void, and the amount of
13 10 the ~~credit taxes that would have been due on the exemption~~
13 11 shall be charged against the property in question, and the
13 12 ~~director of revenue,~~ the county auditor and the county
13 13 treasurer shall correct their books and records. The amount
13 14 of taxes due on the erroneous credit exemption, when
13 15 collected, shall be returned distributed by the county
13 16 treasurer to the ~~general fund of the state~~ other jurisdictions
~~13 17 in the same proportion as other taxes.~~

13 18 Sec. 26. Section 426A.11, Code 2005, is amended by
13 19 striking the section and inserting in lieu thereof the

13 20 following:

13 21 426A.11 MILITARY SERVICE == EXEMPTIONS.

13 22 1. An exemption from taxation shall be allowed for the
13 23 property of an honorably separated, retired, furloughed to a
13 24 reserve, placed on inactive status, or discharged veteran, as
13 25 defined in section 35.1. The amount of the exemption shall be
13 26 two thousand dollars. The exemption shall be applied after
13 27 any adjustments are made in section 441.21.

13 28 2. Where the word "veteran" appears in this chapter, it
13 29 includes, without limitation, the members of the United States
13 30 air force, merchant marine, and coast guard.

13 31 3. For the purpose of determining a military tax exemption
13 32 under this section, property includes a manufactured or mobile
13 33 home as defined in section 435.1.

13 34 Sec. 27. Section 441.21, subsection 4, Code 2005, is
13 35 amended to read as follows:

14 1 4. For valuations established as of January 1, 1979, the
14 2 percentage of actual value at which agricultural and
14 3 residential property shall be assessed shall be the quotient
14 4 of the dividend and divisor as defined in this section. The
14 5 dividend for each class of property shall be the dividend as
14 6 determined for each class of property for valuations
14 7 established as of January 1, 1978, adjusted by the product
14 8 obtained by multiplying the percentage determined for that
14 9 year by the amount of any additions or deletions to actual
14 10 value, excluding those resulting from the revaluation of
14 11 existing properties, as reported by the assessors on the
14 12 abstracts of assessment for 1978, plus six percent of the
14 13 amount so determined. ~~However, if the difference between the~~
~~14 14 dividend so determined for either class of property and the~~
~~14 15 dividend for that class of property for valuations established~~
~~14 16 as of January 1, 1978, adjusted by the product obtained by~~
~~14 17 multiplying the percentage determined for that year by the~~
~~14 18 amount of any additions or deletions to actual value,~~
~~14 19 excluding those resulting from the revaluation of existing~~
~~14 20 properties, as reported by the assessors on the abstracts of~~
~~14 21 assessment for 1978, is less than six percent, the 1979~~
~~14 22 dividend for the other class of property shall be the dividend~~
~~14 23 as determined for that class of property for valuations~~
~~14 24 established as of January 1, 1978, adjusted by the product~~
~~14 25 obtained by multiplying the percentage determined for that~~
~~14 26 year by the amount of any additions or deletions to actual~~
~~14 27 value, excluding those resulting from the revaluation of~~
~~14 28 existing properties, as reported by the assessors on the~~
~~14 29 abstracts of assessment for 1978, plus a percentage of the~~
~~14 30 amount so determined which is equal to the percentage by which~~
~~14 31 the dividend as determined for the other class of property for~~
~~14 32 valuations established as of January 1, 1978, adjusted by the~~
~~14 33 product obtained by multiplying the percentage determined for~~
~~14 34 that year by the amount of any additions or deletions to~~
~~14 35 actual value, excluding those resulting from the revaluation~~
15 1 of existing properties, as reported by the assessors on the
15 2 abstracts of assessment for 1978, is increased in arriving at
15 3 the 1979 dividend for the other class of property. The
15 4 divisor for each class of property shall be the total actual
15 5 value of all such property in the state in the preceding year,
15 6 as reported by the assessors on the abstracts of assessment
15 7 submitted for 1978, plus the amount of value added to said
15 8 total actual value by the revaluation of existing properties
15 9 in 1979 as equalized by the director of revenue pursuant to
15 10 section 441.49. The director shall utilize information
15 11 reported on abstracts of assessment submitted pursuant to
15 12 section 441.45 in determining such percentage. For valuations
15 13 established as of January 1, 1980, and each year thereafter,
15 14 the percentage of actual value as equalized by the director of
15 15 revenue as provided in section 441.49 at which agricultural
15 16 and residential property shall be assessed shall be calculated
15 17 in accordance with the methods provided herein including the
15 18 limitation of increases in agricultural and residential
15 19 assessed values to the percentage increase of the other class
15 20 of property if the other class increases less than the
15 21 allowable limit adjusted to include the applicable and current
15 22 values as equalized by the director of revenue in this
15 23 subsection, except that any references to six percent in this
15 24 subsection shall be four percent.

15 25 Sec. 28. Section 441.21, Code 2005, is amended by adding
15 26 the following new subsections:

15 27 NEW SUBSECTION. 13. Beginning with valuations established
15 28 on or after January 1, 2005, as used in this section,
15 29 "residential property" includes all lands and buildings which
15 30 are primarily used or intended for human habitation, except

15 31 rental units or apartment buildings where the term of the
15 32 lease is for thirty-one or fewer days, hotels, motels, nursing
15 33 homes, and rest homes.

15 34 NEW SUBSECTION. 14. Beginning with valuations established
15 35 on or after January 1, 2005, as used in this section,
16 1 "residential property" includes the land located in a
16 2 manufactured home community or mobile home park.

16 3 Sec. 29. Section 441.73, subsection 4, Code 2005, is
16 4 amended to read as follows:

16 5 4. The executive council shall transfer for the fiscal
16 6 year beginning July 1, 1992, and each fiscal year thereafter,
16 7 from funds established in ~~sections 425.1 and~~ section 426.1, an
16 8 amount necessary to pay litigation expenses. The amount of
16 9 the fund for each fiscal year shall not exceed seven hundred
16 10 thousand dollars. The executive council shall determine
16 11 annually the proportionate amounts to be transferred from the
16 12 two separate funds. At any time when no litigation is pending
16 13 or in progress the balance in the litigation expense fund
16 14 shall not exceed one hundred thousand dollars. Any excess
16 15 moneys shall be transferred in a proportionate amount back to
16 16 the funds from which they were originally transferred.

16 17 Sec. 30. Section 499A.14, Code 2005, is amended to read as
16 18 follows:

16 19 499A.14 TAXATION.

16 20 The real estate shall be taxed in the name of the
16 21 cooperative, and each member of the cooperative shall pay that
16 22 member's proportionate share of the tax in accordance with the
16 23 proration formula set forth in the bylaws, and each member
16 24 occupying an apartment as a residence shall receive that
16 25 member's proportionate homestead tax ~~credit~~ exemption and each
16 26 veteran of the military services of the United States
16 27 identified as such under the laws of the state of Iowa or the
16 28 United States shall receive as ~~a credit~~ an exemption that
16 29 member's veterans tax benefit as prescribed by the laws of the
16 30 state of Iowa.

16 31 Sec. 31. IMPLEMENTATION. The homestead tax exemption and
16 32 military tax exemption are not considered exemptions enacted
16 33 after January 1, 1997, for purposes of section 25B.7.

16 34 Sec. 32. Sections 425.4 and 426A.1A through 426A.5, Code
16 35 2005, are repealed.

17 1 Sec. 33. RETROACTIVE APPLICABILITY. This division of this
17 2 Act applies retroactively to January 1, 2005, for assessment
17 3 years beginning on or after that date.

17 4 DIVISION II
17 5 PROPERTY TAX LIMITATIONS

17 6 Sec. 34. Section 23A.2, subsection 10, paragraph h, Code
17 7 2005, is amended to read as follows:

17 8 h. The performance of an activity listed in section
17 9 331.424, Code or Code Supplement 2005, as a service ~~for~~ which
17 10 a ~~supplemental levy county may be certified~~ include in its
17 11 budget.

17 12 Sec. 35. Section 28M.5, subsection 1, unnumbered
17 13 paragraphs 1 and 2, Code 2005, are amended to read as follows:

17 14 The commission, with the approval of the board of
17 15 supervisors of participating counties and the city council of
17 16 participating cities, may levy annually a tax ~~not to exceed~~
17 17 ~~ninety-five cents per thousand dollars of~~ on the assessed
17 18 value of all taxable property in a regional transit district,
17 19 ~~subject to the limitation in section 384.1. However, for a~~
17 20 ~~city participating in a regional transit district, the total~~
17 21 ~~of all the tax levies imposed in the city pursuant to section~~
17 22 ~~384.12, subsection 10, and this section shall not exceed the~~
17 23 ~~aggregate of ninety-five cents per thousand dollars of the~~
17 24 ~~assessed value of all taxable property in the participating~~
17 25 ~~city.~~

17 26 The amount of the regional transit district levy that is
17 27 the responsibility of a participating county shall be deducted
17 28 from the maximum rates of taxes authorized to be levied by the
17 29 county ~~pursuant to section 331.423, subsections 1 and 2, as~~
17 30 ~~applicable for general and rural county services.~~ However,
17 31 for a regional transit district that includes a county with a
17 32 population of less than three hundred thousand, the amount of
17 33 the regional transit district levy that is the responsibility
17 34 of a participating county shall be deducted from the maximum
17 35 rate of taxes authorized to be levied by the county ~~pursuant~~
18 1 ~~to section 331.423, subsection 1 for general county services.~~

18 2 Sec. 36. Section 37.8, Code 2005, is amended to read as
18 3 follows:

18 4 37.8 LEVY FOR MAINTENANCE.

18 5 For the development, operation, and maintenance of a
18 6 building or monument constructed, purchased, or donated under

18 7 this chapter, a city may levy a tax ~~not to exceed eighty-one~~
18 8 ~~cents per thousand dollars of assessed value on all the~~
18 9 ~~taxable property within the city, as provided in section~~
18 10 ~~384.12, subsection 2 subject to the limitation in section~~
18 11 ~~384.1.~~

18 12 Sec. 37. Section 123.38, unnumbered paragraph 2, Code
18 13 2005, is amended to read as follows:

18 14 Any licensee or permittee, or the licensee's or permittee's
18 15 executor or administrator, or any person duly appointed by the
18 16 court to take charge of and administer the property or assets
18 17 of the licensee or permittee for the benefit of the licensee's
18 18 or permittee's creditors, may voluntarily surrender a license
18 19 or permit to the division. When a license or permit is
18 20 surrendered the division shall notify the local authority, and
18 21 the division or the local authority shall refund to the person
18 22 surrendering the license or permit, a proportionate amount of
18 23 the fee received by the division or the local authority for
18 24 the license or permit as follows: if a license or permit is
18 25 surrendered during the first three months of the period for
18 26 which it was issued, the refund shall be three-fourths of the
18 27 amount of the fee; if surrendered more than three months but
18 28 not more than six months after issuance, the refund shall be
18 29 one-half of the amount of the fee; if surrendered more than
18 30 six months but not more than nine months after issuance, the
18 31 refund shall be one-fourth of the amount of the fee. No
18 32 refund shall be made, however, for any special liquor permit,
18 33 nor for a liquor control license, wine permit, or beer permit
18 34 surrendered more than nine months after issuance. For
18 35 purposes of this paragraph, any portion of license or permit
19 1 fees used for the purposes authorized in section 331.424,
19 2 subsection 1, paragraphs "a" and "b", Code or Code Supplement
19 3 2005, and in section 331.424A, shall not be deemed received
19 4 either by the division or by a local authority. No refund
19 5 shall be made to any licensee or permittee, upon the surrender
19 6 of the license or permit, if there is at the time of
19 7 surrender, a complaint filed with the division or local
19 8 authority, charging the licensee or permittee with a violation
19 9 of this chapter. If upon a hearing on a complaint the license
19 10 or permit is not revoked or suspended, then the licensee or
19 11 permittee is eligible, upon surrender of the license or
19 12 permit, to receive a refund as provided in this section; but
19 13 if the license or permit is revoked or suspended upon hearing
19 14 the licensee or permittee is not eligible for the refund of
19 15 any portion of the license or permit fee.

19 16 Sec. 38. Section 218.99, Code 2005, is amended to read as
19 17 follows:

19 18 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL
19 19 ACCOUNTS.

19 20 The administrator in control of a state institution shall
19 21 direct the business manager of each institution under the
19 22 administrator's jurisdiction which is mentioned in section
19 23 331.424, subsection 1, paragraphs "a" and "b", Code or Code
19 24 Supplement 2005, and for which services are paid under section
19 25 331.424A, to quarterly inform the county of legal settlement's
19 26 entity designated to perform the county's central point of
19 27 coordination process of any patient or resident who has an
19 28 amount in excess of two hundred dollars on account in the
19 29 patients' personal deposit fund and the amount on deposit.
19 30 The administrators shall direct the business manager to
19 31 further notify the entity designated to perform the county's
19 32 central point of coordination process at least fifteen days
19 33 before the release of funds in excess of two hundred dollars
19 34 or upon the death of the patient or resident. If the patient
19 35 or resident has no county of legal settlement, notice shall be
20 1 made to the director of human services and the administrator
20 2 in control of the institution involved.

20 3 Sec. 39. Section 331.263, subsection 2, Code 2005, is
20 4 amended to read as follows:

20 5 2. The governing body of the community commonwealth shall
20 6 have the authority to levy county taxes and shall have the
20 7 authority to levy city taxes to the extent the city tax levy
20 8 authority is transferred by the charter to the community
20 9 commonwealth. A city participating in the community
20 10 commonwealth shall transfer a portion of the city's tax levy
20 11 authorized under section 384.1 ~~or 384.12, whichever is~~
20 12 ~~applicable~~, to the governing body of the community
20 13 commonwealth. The maximum rates of taxes authorized to be
20 14 levied under ~~sections section 384.1 and 384.12~~ by a city
20 15 participating in the community commonwealth shall be reduced
20 16 by an amount equal to the rates of the same or similar taxes
20 17 levied in the city by the governing body of the community

20 18 commonwealth.

20 19 Sec. 40. Section 331.301, subsection 11, Code 2005, is
20 20 amended to read as follows:

20 21 11. A county may levy for tort liability insurance,
20 22 property insurance, and any other insurance that may be
20 23 necessary in the operation of the county, costs of a self=
20 24 insurance program, costs of a local government risk pool, and
20 25 amounts payable under any insurance agreements to provide or
20 26 procure such insurance, self=insurance program, or local
20 27 government risk pool. A county may enter into insurance

20 28 agreements obligating the county to make payments beyond its
20 29 current budget year to procure or provide for a policy of
20 30 insurance, a self=insurance program, or a local government
20 31 risk pool to protect the county against tort liability, loss
20 32 of property, or any other risk associated with the operation
20 33 of the county. Such a self=insurance program or local
20 34 government risk pool is not insurance and is not subject to
20 35 regulation under chapters 505 through 523C. However, those
21 1 self=insurance plans regulated pursuant to section 509A.14
21 2 shall remain subject to the requirements of section 509A.14
21 3 and rules adopted pursuant to that section.

21 4 Sec. 41. Section 331.421, subsection 10, Code 2005, is
21 5 amended by striking the subsection.

21 6 Sec. 42. Section 331.423, Code 2005, is amended by
21 7 striking the section and inserting in lieu thereof the
21 8 following:

21 9 331.423 PROPERTY TAX LIMITATION FOR COUNTIES.

21 10 1. The maximum amount of property tax dollars that may be
21 11 certified by a county for any purpose shall not exceed the
21 12 amount of property tax dollars certified by the county for
21 13 taxes payable in the previous fiscal year times the inflation
21 14 factor plus the amount of net new valuation taxes.

21 15 2. The limitation provided in subsection 1 does not apply
21 16 to the levies made for the following:

21 17 a. Debt service to be deposited into the debt service fund
21 18 pursuant to section 331.430.

21 19 b. The county mental health, mental retardation, and
21 20 developmental disabilities services fund in section 331.424A.

21 21 c. Taxes approved by a vote of the people.

21 22 d. Hospitals pursuant to chapters 37, 347, and 347A.

21 23 3. For purposes of subsection 1, the "inflation factor" is
21 24 one plus the percent change in the price index for government
21 25 purchases by type for state and local governments computed for
21 26 the calendar year ending immediately prior to July 1 of the
21 27 fiscal year. The price index used shall be the state and
21 28 local government chain=type price index used in the quantity
21 29 and price indexes for gross domestic product as published by
21 30 the United States department of commerce.

21 31 4. For purposes of subsection 1, "net new valuation taxes"
21 32 means the amount of property tax dollars equal to the previous
21 33 year's levy rate for the general services or rural services
21 34 fund, as applicable, times the increase from the previous
21 35 fiscal year in taxable valuation due to the following:

22 1 a. Net new construction.

22 2 b. Additions or improvements to existing structures.

22 3 c. Remodeling of existing structures for which a building
22 4 permit is required.

22 5 d. Annexation, severance, incorporation, or discontinuance
22 6 as those terms are defined in section 368.1.

22 7 e. A municipality no longer dividing tax revenues in an
22 8 urban renewal area as provided in section 403.19, to the
22 9 extent that the incremental valuation released is due to new
22 10 construction or revaluation on property newly constructed
22 11 after the division of revenue begins.

22 12 f. That portion of taxable property located in an urban
22 13 revitalization area on which an exemption was allowed and such
22 14 exemption has expired.

22 15 Sec. 43. Section 331.424B, Code 2005, is amended to read
22 16 as follows:

22 17 331.424B CEMETERY LEVY.

~~22 18 The board may levy annually a tax not to exceed six and~~
~~22 19 ~~three-fourths~~ cents per thousand dollars of the assessed value~~
~~22 20 of all taxable property in the county, subject to the~~
22 21 limitation in section 331.423, to repair and maintain all

22 22 cemeteries under the jurisdiction of the board including
22 23 pioneer cemeteries and to pay other expenses of the board or
22 24 the cemetery commission as provided in section 331.325. The
22 25 proceeds of the tax levy shall be credited to the county
22 26 general fund.

22 27 Sec. 44. Section 331.425, unnumbered paragraph 1, Code
22 28 2005, is amended to read as follows:

22 29 The board may certify an addition to a levy in excess of
22 30 the amounts otherwise permitted under sections 331.423-
~~22 31 331.424,~~ and 331.426 if the proposition to certify an addition
22 32 to a levy has been submitted at a special levy election and
22 33 ~~received a favorable majority at least sixty percent~~ of the
22 34 votes cast on the proposition are in favor of the proposition.
22 35 A special levy election is subject to the following:

23 1 Sec. 45. Section 331.425, subsection 3, Code 2005, is
23 2 amended to read as follows:

23 3 3. The proposition to be submitted shall be substantially
23 4 in the following form:

23 5 ~~Vote for only one of "yes" or "no" on the following:~~

23 6 Shall the county of levy an additional tax at a rate
23 7 of \$... each year for ... years beginning next July 1 in
23 8 excess of the statutory limits otherwise applicable for the
23 9 (general county services or rural county services) fund?

23 10 ~~or~~
23 11 ~~The county of shall continue the (general county~~
23 12 ~~services or rural county services fund) under the maximum rate~~
23 13 ~~of \$....~~

23 14 Sec. 46. Section 331.427, subsection 3, paragraph 1, Code
23 15 2005, is amended to read as follows:

23 16 1. Services listed in section 331.424, subsection 1, Code
23 17 or Code Supplement 2005, and section 331.554.

23 18 Sec. 47. Section 331.428, subsection 2, paragraph d, Code
23 19 2005, is amended to read as follows:

23 20 d. Services listed under section 331.424, subsection 2,
23 21 Code or Code Supplement 2005.

23 22 Sec. 48. Section 373.10, Code 2005, is amended to read as
23 23 follows:

23 24 373.10 TAXING AUTHORITY.

23 25 The metropolitan council shall have the authority to levy
23 26 city taxes to the extent the city tax levy authority is
23 27 transferred by the charter to the metropolitan council. A
23 28 member city shall transfer a portion of the city's tax levy
23 29 authorized under section 384.1 ~~or 384.12, whichever is~~
23 30 ~~applicable,~~ to the metropolitan council. The maximum rates of
23 31 taxes authorized to be levied under ~~sections~~ section 384.1 ~~and~~
23 32 ~~384.12~~ by a member city shall be reduced by an amount equal to
23 33 the rates of the same or similar taxes levied in the city by
23 34 the metropolitan council.

23 35 Sec. 49. Section 384.1, Code 2005, is amended by striking
24 1 the section and inserting in lieu thereof the following:

24 2 384.1 PROPERTY TAX LIMITATION FOR CITIES.

24 3 1. The maximum amount of property tax dollars that may be
24 4 certified by a city for any purpose shall not exceed the
24 5 amount of property tax dollars certified by the city for taxes
24 6 payable in the previous fiscal year times the inflation factor
24 7 plus the amount of net new valuation taxes.

24 8 2. The limitation provided in subsection 1 does not apply
24 9 to the levies made for the following:

24 10 a. Debt service to be deposited into the debt service fund
24 11 pursuant to section 384.4.

24 12 b. Taxes approved by a vote of the people.

24 13 c. Hospitals pursuant to section 392.6.

24 14 3. For purposes of subsection 1, the "inflation factor" is
24 15 one plus the percent change in the price index for government
24 16 purchases by type for state and local governments computed for
24 17 the calendar year ending immediately prior to July 1 of the
24 18 fiscal year. The price index used shall be the state and
24 19 local government chain-type price index used in the quantity
24 20 and price indexes for gross domestic product as published by
24 21 the United States department of commerce.

24 22 4. For purposes of subsection 1, "net new valuation taxes"
24 23 means the amount of property tax dollars equal to the previous
24 24 year's levy rate times the increase from the previous fiscal
24 25 year in taxable valuation due to the following:

24 26 a. Net new construction.

24 27 b. Additions or improvements to existing structures.

24 28 c. Remodeling of existing structures for which a building
24 29 permit is required.

24 30 d. Annexation, severance, incorporation, or discontinuance
24 31 as those terms are defined in section 368.1.

24 32 e. A municipality no longer dividing tax revenues in an
24 33 urban renewal area as provided in section 403.19, to the
24 34 extent that the incremental valuation released is due to new
24 35 construction or revaluation on property newly constructed

25 1 after the division of revenue begins.

25 2 f. That portion of taxable property located in an urban
25 3 revitalization area on which an exemption was allowed and such
25 4 exemption has expired.

25 5 5. Notwithstanding the maximum amount of taxes a city may
25 6 certify for levy, the tax levied by a city on tracts of land
25 7 and improvements thereon used and assessed for agricultural or
25 8 horticultural purposes, shall not exceed three dollars and
25 9 three-eighths cents per thousand dollars of assessed value in
25 10 any year. Improvements located on such tracts of land and not
25 11 used for agricultural or horticultural purposes and all
25 12 residential dwellings are subject to the same rate of tax
25 13 levied by the city on all other taxable property within the
25 14 city.

25 15 Sec. 50. Section 384.6, subsection 1, Code 2005, is
25 16 amended to read as follows:

25 17 1. Accounting for pension and related employee benefit
25 18 funds as provided by the city finance committee. A city may
25 19 make contributions to a retirement system other than the Iowa
25 20 public employees' retirement system for its city manager, or
25 21 city administrator performing the duties of city manager, in
25 22 an annual amount not to exceed the amount that would have been
25 23 contributed by the employer under section 97B.11. If a police
25 24 chief or fire chief has submitted a written request to the
25 25 board of trustees to be exempt from chapter 411, authorized in
25 26 section 411.3, subsection 1, a city shall make contributions
25 27 for the chief, in an amount not to exceed the amount that
25 28 would have been contributed by the city under section 411.8,
25 29 subsection 1, paragraph "a", to the international city
25 30 management association/retirement corporation. A city may
25 31 certify taxes to be levied for a trust and agency fund ~~in the~~
~~25 32 amount necessary to meet its obligations, subject to the~~
~~25 33 limitation in section 384.1.~~

25 34 Sec. 51. Section 384.7, Code 2005, is amended to read as
25 35 follows:

26 1 384.7 CAPITAL IMPROVEMENTS FUND.

26 2 A city may establish a capital improvements reserve fund,
26 3 and may certify taxes ~~not to exceed sixty-seven and one-half~~
~~26 4 cents per thousand dollars of taxable value~~ each year to be
26 5 levied for the fund, subject to the limitation in section
~~26 6 384.1,~~ for the purpose of accumulating moneys for the
26 7 financing of specified capital improvements, or carrying out a
26 8 specific capital improvement plan.

~~26 9 The question of the establishment of a capital improvements~~
~~26 10 reserve fund, the time period during which a levy will be made~~
~~26 11 for the fund, and the tax rate to be levied for the fund is~~
~~26 12 subject to approval by the voters, and may be submitted at any~~
~~26 13 city election upon the council's motion, or shall be submitted~~
~~26 14 at the next regular city election upon receipt of a valid~~
~~26 15 petition as provided in section 362.4.~~

~~26 16 If a continuing capital improvements levy is established by~~
~~26 17 election, it may be terminated in the same manner, upon the~~
~~26 18 council's motion or upon petition.~~ Balances in a capital
26 19 improvements reserve fund are not unencumbered or
26 20 unappropriated funds for the purpose of reducing tax levies.
26 21 Transfers may be made between the capital improvements reserve
26 22 fund, construction funds, and the general fund, as provided in
26 23 rules promulgated by the city finance committee created in
26 24 section 384.13.

26 25 Sec. 52. Section 384.8, Code 2005, is amended to read as
26 26 follows:

26 27 384.8 EMERGENCY FUND.

26 28 A city may establish an emergency fund and may certify
26 29 taxes ~~not to exceed twenty-seven cents per thousand dollars of~~
~~26 30 taxable value~~ each year to be levied for the fund, subject to
~~26 31 the limitation in section 384.1.~~ Transfers may be made from
26 32 the emergency fund to the general fund as provided in rules
26 33 promulgated by the city finance committee created in section
26 34 384.13.

26 35 Sec. 53. Section 384.12, Code 2005, is amended by striking
27 1 the section and inserting in lieu thereof the following:

27 2 384.12 ADDITIONS TO LEVIES == SPECIAL LEVY ELECTION.

27 3 The city council may certify an addition to a levy in
27 4 excess of the amount otherwise permitted under sections 24.48
27 5 and 384.1 if the proposition to certify an addition to a levy
27 6 has been submitted at a special levy election and at least
27 7 sixty percent of the votes cast on the proposition are in
27 8 favor of the proposition. A special levy election is subject
27 9 to the following:

27 10 1. The election shall be held only if the city council
27 11 gives notice to the county commissioner of elections, not
27 12 later than February 15, that the election is to be held.

27 13 2. The election shall be held on the second Tuesday in
27 14 March and be conducted by the county commissioner of elections
27 15 in accordance with the law.

27 16 3. The proposition to be submitted shall be substantially
27 17 in the following form:
27 18 Vote "yes" or "no" on the following:
27 19 Shall the city of levy an additional tax at a rate of
27 20 \$... each year for ... years beginning next July 1 in excess
27 21 of the statutory limits otherwise applicable for the general
27 22 fund?

27 23 4. The canvass shall be held beginning at one o'clock on
27 24 the second day which is not a holiday following the special
27 25 levy election.

27 26 5. Notice of the proposed special levy election shall be
27 27 published at least twice in a newspaper as specified in
27 28 section 362.3 prior to the date of the special levy election.
27 29 The first notice shall appear as early as practicable after
27 30 the city council has decided to seek a special levy.

27 31 Sec. 54. Section 384.110, Code 2005, is amended to read as
27 32 follows:

27 33 384.110 INSURANCE, SELF=INSURANCE, AND RISK POOLING FUNDS.

27 34 A city may credit funds to a fund or funds for the purposes
27 35 authorized by section 364.4, subsection 5; ~~section 384.12,~~
~~28 1 subsection 187~~ or section 384.24, subsection 3, paragraph "s";
28 2 ~~or to pay the premium costs on tort liability insurance,~~
28 3 ~~property insurance, and any other insurance that may be~~
28 4 ~~necessary in the operation of the city, the costs of a self=~~
28 5 ~~insurance program, the costs of a local government risk pool~~
28 6 ~~and amounts payable under any insurance agreements to provide~~
28 7 ~~or procure such insurance, self=insurance program, or local~~
28 8 ~~government risk pool.~~ Moneys credited to the fund or funds,
28 9 and interest earned on such moneys, shall remain in the fund
28 10 or funds until expended for purposes authorized by section
28 11 364.4, subsection 5; ~~section 384.12, subsection 187~~ or section
28 12 384.24, subsection 3, paragraph "s"; ~~or for purposes specified~~
28 13 ~~in this section.~~

28 14 Sec. 55. Section 435.22, subsection 1, Code 2005, is
28 15 amended to read as follows:

28 16 1. Multiply the number of square feet of floor space each
28 17 home contains when parked and in use by ~~twenty~~ thirty cents.
28 18 In computing floor space, the exterior measurements of the
28 19 home shall be used as shown on the certificate of title, but
28 20 not including any area occupied by a hitching device.

28 21 Sec. 56. Section 331.424, Code and Code Supplement 2005,
28 22 is repealed.

28 23 Sec. 57. APPLICABILITY DATE. This division of this Act
28 24 applies to fiscal years beginning on or after July 1, 2006.

28 25 DIVISION III

28 26 SCHOOL FINANCE FORMULA

28 27 Sec. 58. Section 96.31, Code 2005, is amended to read as
28 28 follows:

28 29 96.31 TAX FOR BENEFITS.

28 30 ~~Political subdivisions, other than school districts, may~~
28 31 ~~levy a tax outside their general fund levy limits to pay the~~
28 32 ~~cost of unemployment benefits. For school districts the cost~~
28 33 ~~of unemployment benefits shall be included in the district~~
28 34 ~~management levy pursuant to section 298.4.~~

28 35 Sec. 59. Section 257.1, subsection 2, unnumbered paragraph
29 1 2, Code 2005, is amended to read as follows:

29 2 For the budget year commencing July 1, ~~1999~~ 2006, and for
29 3 each succeeding budget year the regular program foundation
29 4 base per pupil is ~~eighty-seven and five-tenths~~ one hundred
29 5 percent of the regular program state cost per pupil. For the
29 6 budget year commencing July 1, ~~1991~~ 2006, and for each
29 7 succeeding budget year, the special education support services
29 8 foundation base is ~~seventy-nine~~ one hundred percent of the
29 9 special education support services state cost per pupil, the
29 10 media services foundation base is one hundred percent of the
29 11 media services state cost per pupil, and the educational
29 12 services foundation base is one hundred percent of the
29 13 educational services state cost per pupil. The combined
29 14 foundation base is the sum of the regular program foundation
29 15 base, the media services foundation base, and the educational
29 16 services foundation base and the special education support
29 17 services foundation base.

29 18 Sec. 60. Section 257.2, subsections 5 and 6, Code 2005,
29 19 are amended to read as follows:

29 20 5. "Combined district cost per pupil" is an amount
29 21 determined by adding together the regular program district
29 22 cost per pupil for a year, ~~and~~ the special education support
29 23 services district cost per pupil for that year, the media
29 24 services district cost per pupil for that year, and the
29 25 educational services district cost per pupil for that year, as
29 26 calculated under section 257.10.

29 27 6. "Combined state cost per pupil" is a per pupil amount
29 28 determined by adding together the regular program state cost
29 29 per pupil for a year, ~~and~~ the special education support
29 30 services state cost per pupil for that year, the media
29 31 services state cost per pupil for that year, and the
29 32 educational services district cost per pupil for that year, as

29 33 calculated under section 257.9.
29 34 Sec. 61. Section 257.3, subsection 1, unnumbered paragraph
29 35 1, Code 2005, is amended to read as follows:

30 1 Except as provided in subsections 2 and 3, a school
30 2 district shall cause to be levied each year, for the school
30 3 general fund, a foundation property tax equal to ~~five six~~
30 4 dollars and ~~forty seventy-five~~ cents per thousand dollars of
30 5 assessed valuation on all taxable property in the district.
30 6 The county auditor shall spread the foundation levy over all
30 7 taxable property in the district.

30 8 Sec. 62. Section 257.3, subsection 2, paragraphs a and b,
30 9 Code 2005, are amended to read as follows:

30 10 a. Notwithstanding subsection 1, a reorganized school
30 11 district shall cause a foundation property tax of ~~four five~~
30 12 dollars and ~~forty seventy-five~~ cents per thousand dollars of
30 13 assessed valuation to be levied on all taxable property which,
30 14 in the year preceding a reorganization, was within a school
30 15 district affected by the reorganization as defined in section
30 16 275.1, or in the year preceding a dissolution was a part of a
30 17 school district that dissolved if the dissolution proposal has
30 18 been approved by the director of the department of education
30 19 pursuant to section 275.55.

30 20 b. In succeeding school years, the foundation property tax
30 21 levy on that portion shall be increased to the rate of ~~four~~
30 22 ~~six~~ dollars and ~~ninety twenty-five~~ cents per thousand dollars
30 23 of assessed valuation the first succeeding year, ~~five six~~
30 24 dollars and ~~fifteen fifty~~ cents per thousand dollars of
30 25 assessed valuation the second succeeding year, and ~~five six~~
30 26 dollars and ~~forty seventy-five~~ cents per thousand dollars of
30 27 assessed valuation the third succeeding year and each year
30 28 thereafter.

30 29 Sec. 63. Section 257.4, subsection 2, Code 2005, is
30 30 amended by striking the subsection.

30 31 Sec. 64. Section 257.8, Code 2005, is amended by adding
30 32 the following new subsection:

30 33 NEW SUBSECTION. 4A. ALTERNATIVE ALLOWABLE GROWTH == 2006
30 34 FORMULA ADJUSTMENTS.

30 35 a. Notwithstanding the calculation in subsection 2, the
31 1 department of management shall calculate the regular program
31 2 allowable growth for the budget year beginning July 1, 2006,
31 3 by multiplying the state percent of growth for the budget year
31 4 by the regular program state cost per pupil for the base year,
31 5 and add to the resulting product four hundred forty dollars.
31 6 For purposes of determining the amount of a budget adjustment
31 7 as defined in section 257.14, amounts added to allowable
31 8 growth pursuant to this paragraph shall be subtracted from the
31 9 school district's regular program cost per pupil for the
31 10 budget year beginning July 1, 2006, prior to determining the
31 11 amount of the adjustment.

31 12 b. A school district shall calculate allowable growth
31 13 pursuant to the provisions of subsection 2 for the budget year
31 14 beginning July 1, 2007, and succeeding budget years, utilizing
31 15 a regular program state cost per pupil figure which
31 16 incorporates the increases in regular program allowable growth
31 17 calculated pursuant to paragraph "a".

31 18 c. The board of directors of a school district may
31 19 annually adopt a resolution to allocate a percentage of the
31 20 increase in regular program allowable growth calculated
31 21 pursuant to paragraph "a", increased each year by the state
31 22 percent of growth, representing the maximum amount for which
31 23 the district could have levied for the budget year beginning
31 24 July 1, 2005, pursuant to the property tax component of the
31 25 instructional support program, the educational improvement
31 26 levy, modified allowable growth for the dropout and dropout
31 27 prevention program, the management levy, the enrichment levy,
31 28 and the schoolhouse levy, for purposes consistent with those
31 29 programs and levies as they existed pursuant to sections
31 30 257.18 through 257.27, 257.28, 257.29, 257.41, 298.4, and
31 31 298A.5, Code or Code Supplement 2005.

31 32 Sec. 65. Section 257.8, subsection 5, unnumbered paragraph
31 33 1, Code 2005, is amended to read as follows:

31 34 The combined allowable growth per pupil for each school
31 35 district is the sum of the regular program allowable growth
32 1 per pupil, ~~and~~ the special education support services
32 2 allowable growth per pupil, the media services allowable

32 3 growth per pupil, and the educational services allowable

32 4 growth per pupil for the budget year, which may be modified as
32 5 follows:

32 6 Sec. 66. Section 257.10, subsection 4, Code 2005, is
32 7 amended by adding the following new unnumbered paragraph:
32 8 NEW UNNUMBERED PARAGRAPH. For the budget year beginning
32 9 July 1, 2006, and succeeding budget years, the department of
32 10 management shall increase the special education support
32 11 services district cost per pupil, the media services district
32 12 cost per pupil, and the educational services district cost per
32 13 pupil, for a school district that has a special education
32 14 support services district cost per pupil, media services
32 15 district cost per pupil, and educational services district
32 16 cost per pupil, which fall below the respective state cost per
32 17 pupil, to equal the state cost per pupil for special education
32 18 support services, media services, and educational services.

32 19 Sec. 67. Section 257.10, subsection 5, Code 2005, is
32 20 amended to read as follows:

32 21 5. COMBINED DISTRICT COST PER PUPIL. The combined
32 22 district cost per pupil for a school district is the sum of
32 23 the regular program district cost per pupil, and the special
32 24 education support services district cost per pupil, the media
32 25 services district cost per pupil, and the educational services

32 26 district cost per pupil. Combined district cost per pupil
32 27 does not include additional allowable growth added for school
32 28 districts that have a negative balance of funds raised for
32 29 special education instruction programs, or additional
32 30 allowable growth granted by the school budget review committee
32 31 for a single school year, ~~or additional allowable growth added~~
32 32 ~~for programs for dropout prevention.~~

32 33 Sec. 68. Section 257.19, unnumbered paragraph 1, Code
32 34 2005, is amended to read as follows:

32 35 The additional funding for the instructional support
33 1 program for a budget year is limited to an amount not
33 2 exceeding ten percent of the total of regular program district
33 3 cost for the budget year and moneys received under section
33 4 257.14 as a budget adjustment for the budget year. Moneys
33 5 received by a district for the instructional support program
33 6 are miscellaneous income and may be used for any general fund
33 7 purpose. However, moneys received by a district for the
33 8 instructional support program shall not be used as, or in a
33 9 manner which has the effect of, supplanting funds authorized
33 10 to be received under sections 257.41, 257.46, or 298.2, and
33 11 ~~298.4~~, or to cover any deficiencies in funding for special
33 12 education instructional services resulting from the
33 13 application of the special education weighting plan under
33 14 section 256B.9.

33 15 Sec. 69. Section 257.19, unnumbered paragraphs 2 and 3,
33 16 Code 2005, are amended by striking the unnumbered paragraphs
33 17 and inserting in lieu thereof the following:

33 18 Funding for the instructional support program shall be
33 19 obtained from instructional support state aid through the
33 20 increase in allowable growth pursuant to section 257.8,
33 21 subsection 4A, and from local funding using an instructional
33 22 support income surtax. The board of directors shall determine
33 23 whether an instructional support income surtax shall be used.
33 24 Certification of a board's intent to use an instructional
33 25 support income surtax and the amount to be raised shall be
33 26 made to the department of management not later than April 15
33 27 of the base year. Subject to the limitation specified in
33 28 section 298.14, if the board elects to use an instructional
33 29 support income surtax, for each budget year the board shall
33 30 determine the percent of income surtax that will be imposed,
33 31 expressed as full percentage points, not to exceed twenty
33 32 percent. The amount to be raised by an instructional support
33 33 income surtax shall not exceed an amount corresponding to ten
33 34 percent of the total of regular program district cost for the
33 35 budget year and moneys received under section 257.14 as a
34 1 budget adjustment for the budget year, less the amount
34 2 obtained from instructional support state aid through the
34 3 increase in allowable growth pursuant to section 257.8,
34 4 subsection 4A.

34 5 Sec. 70. Section 257.21, unnumbered paragraph 1, Code
34 6 2005, is amended to read as follows:

34 7 The department of management shall establish the amount of
34 8 ~~instructional support property tax to be levied and the amount~~
34 9 ~~of instructional support income surtax to be imposed by a~~
34 10 district in accordance with the decision of the board under
34 11 section 257.19 for each school year for which the
34 12 instructional support program is authorized. The department
34 13 of management shall determine ~~these amounts~~ this amount based

34 14 upon the most recent figures available for the district's
34 15 valuation of taxable property, individual state income tax
34 16 paid, and budget enrollment in the district, and shall certify
34 17 to the district's county auditor the amount of instructional
~~34 18 support property tax, and to the director of revenue the~~
34 19 amount of instructional support income surtax to be imposed if
~~34 20 an instructional support income surtax is to be imposed.~~

34 21 Sec. 71. Section 257.37, unnumbered paragraph 1, Code
34 22 2005, is amended to read as follows:

34 23 Media services and educational services provided through
34 24 the area education agencies shall be funded, ~~to the extent~~
~~34 25 provided, by an addition to as part of the combined district~~
34 26 cost of each school district, determined as follows:

34 27 Sec. 72. Section 257.38, unnumbered paragraph 1, Code
34 28 2005, is amended to read as follows:

34 29 Boards of school districts, individually or jointly with
34 30 boards of other school districts, ~~requesting to use additional~~
~~34 31 allowable growth for establishing~~ programs for returning
34 32 dropouts and dropout prevention, shall annually submit
34 33 comprehensive program plans for the programs and budget costs,
34 34 ~~including requests for additional allowable growth for funding~~
~~34 35 the programs,~~ to the department of education as provided in
35 1 this chapter. The program plans shall include:

35 2 Sec. 73. Section 257.38, unnumbered paragraph 2, Code
35 3 2005, is amended to read as follows:

35 4 Program plans shall identify the parts of the plan that
35 5 will be implemented first upon approval of the application.
35 6 ~~if a district is requesting to use additional allowable growth~~
~~35 7 to finance the program, it shall not identify more than five~~
~~35 8 percent of its budget enrollment for the budget year as~~
~~35 9 returning dropouts and potential dropouts.~~

35 10 Sec. 74. Section 257.41, Code 2005, is amended by striking
35 11 the section and inserting in lieu thereof the following:

35 12 257.41 FUNDING FOR PROGRAMS FOR RETURNING DROPOUTS AND
35 13 DROPOUT PREVENTION.

35 14 The budget of an approved program for returning dropouts
35 15 and dropout prevention for a school district, after
35 16 subtracting funds received from other sources for that
35 17 purpose, shall be funded annually on a basis of one-fourth or
35 18 more from the district cost of the school district. The
35 19 remaining portion of the budget shall, if authorized by the
35 20 board of directors, be funded by a proportional share of the
35 21 increase in allowable growth pursuant to section 257.8,
35 22 subsection 4A, for the school budget year beginning July 1,
35 23 2006, multiplied by a district's budget enrollment.

35 24 Sec. 75. Section 273.9, subsection 4, Code 2005, is
35 25 amended to read as follows:

35 26 4. The costs of media services and educational support
35 27 services provided through the area education agency shall be
35 28 funded as provided in chapter 257. Media services provided
35 29 through the area education agency shall not be funded until
35 30 the program plans submitted by the administrators of each area
35 31 education agency as required by section 273.4 are modified as
35 32 necessary and approved by the director of the department of
35 33 education according to the criteria of section 273.6.

35 34 The state board of education shall adopt rules under
35 35 chapter 17A relating to the approval of program plans under
36 1 this section.

36 2 Sec. 76. Section 296.7, subsection 4, unnumbered paragraph
36 3 2, Code 2005, is amended by striking the unnumbered paragraph.

36 4 Sec. 77. Section 298.2, subsection 4, unnumbered paragraph
36 5 2, Code 2005, is amended to read as follows:

36 6 If a combination of a property tax and income surtax is
36 7 used, by April 15 of the previous school year, the board shall
36 8 certify the percent of the income surtax to be imposed and the
36 9 amount to be raised to the department of management and the
36 10 department of management shall establish the rate of the
36 11 property tax and income surtax for the school year. ~~The~~
~~36 12 physical plant and equipment property tax and income surtax~~
~~36 13 shall be levied or imposed, collected, and paid to the school~~
~~36 14 district in the manner provided for the instructional support~~
~~36 15 program in sections 257.21 through 257.26.~~

36 16 Sec. 78. NEW SECTION. 298.2A COMPUTATION OF PHYSICAL
36 17 PLANT AND EQUIPMENT LEVY AND SURTAX AMOUNT.

36 18 The department of management shall establish the amount of
36 19 physical plant and equipment property tax to be levied and the
36 20 amount of physical plant and equipment income surtax to be
36 21 imposed by a district in accordance with the decision of the
36 22 board for each school year for which the levy or surtax is
36 23 authorized. The department of management shall determine
36 24 these amounts based upon the most recent figures available for

36 25 the district's valuation of taxable property, individual state
36 26 income tax paid, and budget enrollment in the district, and
36 27 shall certify to the district's county auditor the amount of
36 28 physical plant and equipment levy property tax, and to the
36 29 director of revenue the amount of physical plant and equipment
36 30 income surtax to be imposed if a physical plant and equipment
36 31 income surtax is to be imposed.

36 32 The physical plant and equipment income surtax shall be
36 33 imposed on the state individual income tax for the calendar
36 34 year during which the school's budget year begins, or for a
36 35 taxpayer's fiscal year ending during the second half of that
37 1 calendar year and after the date the board adopts a resolution
37 2 to impose the surtax or the first half of the succeeding
37 3 calendar year, and shall be imposed on all individuals
37 4 residing in the school district on the last day of the
37 5 applicable tax year. As used in this section, "state
37 6 individual income tax" means the taxes computed under section
37 7 422.5, less the credits allowed in sections 422.11A, 422.11B,
37 8 422.12, and 422.12B.

37 9 Sec. 79. NEW SECTION. 298.2B STATUTES APPLICABLE.

37 10 The director of revenue shall administer the physical plant
37 11 and equipment income surtax imposed under this chapter, and
37 12 sections 422.20, 422.22 to 422.31, 422.68, and 422.72 to
37 13 422.75 shall apply with respect to administration of the
37 14 physical plant and equipment income surtax.

37 15 Sec. 80. NEW SECTION. 298.2C FORM AND TIME OF RETURN.

37 16 The physical plant and equipment income surtax shall be
37 17 made a part of the Iowa individual income tax return subject
37 18 to the conditions and restrictions set forth in section
37 19 422.21.

37 20 Sec. 81. NEW SECTION. 298.2D DEPOSIT OF PHYSICAL PLANT
37 21 AND EQUIPMENT INCOME SURTAX.

37 22 The director of revenue shall deposit all moneys received
37 23 as physical plant and equipment income surtax to the credit of
37 24 each district from which the moneys are received in the school
37 25 district income surtax fund which is established in section
37 26 298.14.

37 27 The director of revenue shall deposit physical plant and
37 28 equipment income surtax moneys received on or before November
37 29 1 of the year following the close of the school budget year
37 30 for which the surtax is imposed to the credit of each district
37 31 from which the moneys are received in the school district
37 32 income surtax fund.

37 33 Physical plant and equipment income surtax moneys received
37 34 or refunded after November 1 of the year following the close
37 35 of the school budget year for which the surtax is imposed
38 1 shall be deposited in or withdrawn from the general fund of
38 2 the state and shall be considered part of the cost of
38 3 administering the physical plant and equipment income surtax.

38 4 Sec. 82. NEW SECTION. 298.2E PHYSICAL PLANT AND
38 5 EQUIPMENT INCOME SURTAX CERTIFICATION.

38 6 On or before October 20 each year, the director of revenue
38 7 shall make an accounting of the physical plant and equipment
38 8 income surtax collected under this chapter applicable to tax
38 9 returns for the last preceding calendar year, or for a
38 10 taxpayer's fiscal year ending during the second half of that
38 11 calendar year and after the date the board adopts a resolution
38 12 to impose the surtax, or the first half of the succeeding
38 13 calendar year, from taxpayers in each school district in the
38 14 state which has approved imposition of the surtax, and shall
38 15 certify to the department of management and the department of
38 16 education the amount of total physical plant and equipment
38 17 income surtax credited from the taxpayers of each school
38 18 district.

38 19 Sec. 83. NEW SECTION. 298.2F PHYSICAL PLANT AND
38 20 EQUIPMENT INCOME SURTAX DISTRIBUTION.

38 21 The director of the department of administrative services
38 22 shall draw warrants in payment of the amount of physical plant
38 23 and equipment surtax in the manner provided in section 298.14.

38 24 Sec. 84. Section 298.14, unnumbered paragraphs 1 and 2,
38 25 Code 2005, are amended to read as follows:

38 26 For each fiscal year, the cumulative total of the percents
38 27 of surtax approved by the board of directors of a school
38 28 district and collected by the department of revenue under
38 29 sections 257.21, ~~257.29~~, and 298.2, ~~and the enrichment surtax~~
~~38 30 under section 442.15, Code 1989~~, and an income surtax
38 31 collected by a political subdivision under chapter 422D, shall
38 32 not exceed twenty percent.

38 33 A school district income surtax fund is created in the
38 34 office of treasurer of state. Income surtaxes collected by
38 35 the department of revenue under sections 257.21, ~~257.29~~, and

39 1 298.2 and section 442.15, Code 1989, shall be deposited in the
39 2 school district income surtax fund to the credit of each
39 3 school district. A separate accounting of each surtax, by
39 4 school district, shall be maintained.

39 5 Sec. 85. Section 425A.3, subsection 1, Code 2005, is
39 6 amended to read as follows:

39 7 1. ~~The A~~ family farm tax credit fund shall be apportioned
39 8 granted each year in the manner provided in this chapter so as
39 9 to give a credit against the tax on each eligible tract of
39 10 agricultural land within the several school districts of the
39 11 state in which the levy for the general school fund exceeds
39 12 ~~five six~~ dollars and ~~forty seventy=five~~ cents per thousand
39 13 dollars of assessed value. The amount of the credit on each
39 14 eligible tract of agricultural land shall be equal to
39 15 ~~seventeen percent of~~ the amount the tax levied for the general
39 16 school fund exceeds the amount of tax which would be levied on
39 17 each eligible tract of agricultural land were the levy for the
39 18 general school fund ~~five six~~ dollars and ~~forty seventy=five~~
39 19 cents per thousand dollars of assessed value for the previous
39 20 year. ~~However, in the case of a deficiency in the family farm~~
~~39 21 tax credit fund to pay the credits in full, the credit on each~~
~~39 22 eligible tract of agricultural land in the state shall be~~
~~39 23 proportionate and applied as provided in this chapter.~~

39 24 Sec. 86. Section 425A.5, Code 2005, is amended to read as
39 25 follows:

39 26 425A.5 COMPUTATION BY COUNTY AUDITOR.

39 27 The family farm tax credit allowed each year shall be
39 28 computed as follows: On or before April 1, the county auditor
39 29 shall list by school districts all tracts of agricultural land
39 30 which are entitled to credit, the taxable value for the
39 31 previous year, the budget from each school district for the
39 32 previous year, and the tax rate determined for the general
39 33 fund of the school district in the manner prescribed in
39 34 section 444.3 for the previous year, and if the tax rate is in
39 35 excess of ~~five six~~ dollars and ~~forty seventy=five~~ cents per
40 1 thousand dollars of assessed value, the auditor shall multiply
40 2 the tax levy which is in excess of ~~five six~~ dollars and ~~forty~~
40 3 ~~seventy=five~~ cents per thousand dollars of assessed value by
40 4 the total taxable value of the agricultural land entitled to
40 5 credit in the school district, and ~~on or before April 1,~~
~~40 6 certify the total amount of credit and the total number of~~
~~40 7 acres entitled to the credit to the department of revenue~~
40 8 ~~compute the tax credit as seventeen percent of that product.~~

40 9 Sec. 87. Section 425A.7, Code 2005, is amended to read as
40 10 follows:

40 11 425A.7 APPORTIONMENT CREDITING OF TAX BY AUDITOR.

~~40 12 Upon receiving the pro rata percentage from the director of~~
~~40 13 revenue, the~~ The county auditor shall determine the amount to
40 14 be credited to each tract of agricultural land, and shall
40 15 enter upon tax lists as a credit against the tax levied on
40 16 each tract of agricultural land on which there has been made
40 17 an allowance of credit before delivering the tax lists to the
40 18 county treasurer. ~~Upon receipt of the warrant by the county~~
~~40 19 auditor, the auditor shall deliver the warrant to the county~~
~~40 20 treasurer for apportionment.~~ The county treasurer shall show
40 21 on each tax receipt the amount of tax credit for each tract of
40 22 agricultural land. In case of change of ownership the credit
40 23 shall follow the title.

40 24 Sec. 88. Section 425A.8, Code 2005, is amended to read as
40 25 follows:

40 26 425A.8 FALSE CLAIM == PENALTY.

40 27 A person making a false claim or affidavit with fraudulent
40 28 intent to obtain the credit under section 425A.3, is guilty of
40 29 a fraudulent practice and the claim shall be disallowed in
40 30 full. If the credit has been paid, the amount of the credit
40 31 plus a penalty equal to twenty=five percent of the amount of
40 32 credit plus interest, at the rate in effect under section
40 33 421.7, from the time of payment shall be collected by the
40 34 county treasurer in the same manner as other property taxes,
40 35 penalty, and interest are collected ~~and when collected shall~~
~~41 1 be paid to the director of revenue.~~

41 2 A person who fails to notify the assessor of a change in
41 3 the person who is actively engaged in farming the tract for
41 4 which the credit under section 425A.3 is allowed shall be
41 5 liable for the amount of the credit plus a penalty equal to
41 6 five percent of the amount of the credit. The amounts shall
41 7 be collected by the county treasurer in the same manner as
41 8 other property taxes and any penalty are collected ~~and when~~
~~41 9 collected shall be paid to the director of revenue.~~

41 10 Sec. 89. Section 426.3, Code 2005, is amended to read as
41 11 follows:

41 12 426.3 WHERE CREDIT GIVEN.

41 13 The ~~An~~ agricultural land ~~tax~~ credit fund shall be
41 14 ~~apportioned granted~~ each year in the manner ~~hereinafter~~
41 15 ~~provided in this chapter~~ so as to give a credit against the
41 16 tax on each tract of agricultural lands within the several
41 17 school districts of the state in which the levy for the
41 18 general school fund exceeds ~~five six~~ dollars and ~~forty~~
41 19 ~~seventy=~~five cents per thousand dollars of assessed value+
~~41 20 the. The amount of such the credit on each tract of such~~
41 21 lands shall be ~~equal to twenty percent of~~ the amount the tax
41 22 levied for the general school fund exceeds the amount of tax
41 23 which would be levied on said tract of such lands were the
41 24 levy for the general school fund ~~five six~~ dollars and ~~forty~~
41 25 ~~seventy=~~five cents per thousand dollars of assessed value for
41 26 the previous year, ~~except in the case of a deficiency in the~~
~~41 27 agricultural land credit fund to pay said credits in full, in~~
~~41 28 which case the credit on each eligible tract of such lands in~~
~~41 29 the state shall be proportionate and shall be applied as~~
~~41 30 hereinafter provided.~~

41 31 Sec. 90. Section 426.6, unnumbered paragraph 1, Code 2005,
41 32 is amended to read as follows:

41 33 The agricultural land tax credit allowed each year shall be
41 34 computed as follows: On or before April 1, the county auditor
41 35 shall list by school districts all tracts of agricultural
42 1 lands which are entitled to credit, together with the taxable
42 2 value for the previous year, together with the budget from
42 3 each school district for the previous year, and the tax rate
42 4 determined for the general fund of the district in the manner
42 5 prescribed in section 444.3 for the previous year, and if such
42 6 tax rate is in excess of ~~five six~~ dollars and ~~forty~~ ~~seventy=~~
42 7 ~~five~~ cents per thousand dollars of assessed value, the auditor
42 8 shall multiply the tax levy which is in excess of ~~five six~~
42 9 dollars and ~~forty~~ ~~seventy=~~five cents per thousand dollars of
42 10 assessed value by the total taxable value of the agricultural
42 11 lands entitled to credit in the district, and ~~on or before~~
~~42 12 April 1, certify the amount to the department of revenue~~
42 13 ~~compute the tax credit as twenty percent of that product.~~

42 14 Sec. 91. Section 426.8, Code 2005, is amended to read as
42 15 follows:

42 16 426.8 APPORTIONMENT CREDITING OF TAX BY AUDITOR.

~~42 17 Upon receiving the pro rata percentage from the director of~~
~~42 18 revenue, the The~~ county auditor shall determine the amount to
42 19 be credited to each tract of agricultural land, and shall
42 20 enter upon tax lists as a credit against the tax levied on
42 21 each tract of agricultural land on which there has been made
42 22 an allowance of credit before delivering said tax lists to the
42 23 county treasurer. ~~Upon receipt of the warrant by the county~~
~~42 24 auditor, the auditor shall deliver said warrant to the county~~
~~42 25 treasurer for apportionment.~~ The county treasurer shall show
42 26 on each tax receipt the amount of tax credit for each tract of
42 27 agricultural land. In case of change of ownership the credit
42 28 shall follow the title.

42 29 Sec. 92. Section 441.73, subsection 4, Code 2005, is
42 30 amended to read as follows:

42 31 4. The executive council shall transfer for the fiscal
42 32 year beginning July 1, 1992, and each fiscal year thereafter,
42 33 from ~~funds the fund~~ established in ~~sections section~~ 425.1 and
~~42 34 426.1~~, an amount necessary to pay litigation expenses. The
42 35 amount of the fund for each fiscal year shall not exceed seven
43 1 hundred thousand dollars. The executive council shall
43 2 determine annually the proportionate amounts to be transferred
43 3 from the two separate funds. At any time when no litigation
43 4 is pending or in progress the balance in the litigation
43 5 expense fund shall not exceed one hundred thousand dollars.
43 6 Any excess moneys shall be transferred in a proportionate
43 7 amount back to the funds from which they were originally
43 8 transferred.

43 9 Sec. 93. Section 670.10, Code 2005, is amended to read as
43 10 follows:

43 11 670.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

43 12 When a final judgment is entered against or a settlement is
43 13 made by a municipality for a claim within the scope of section
43 14 670.2 or 670.8, payment shall be made and the same remedies
43 15 apply in the case of nonpayment as in the case of other
43 16 judgments against the municipality. If a judgment or
43 17 settlement is unpaid at the time of the adoption of the annual
43 18 budget, the municipality shall budget an amount sufficient to
43 19 pay the judgment or settlement together with interest accruing
43 20 on it to the expected date of payment. A tax may be levied in
43 21 excess of any limitation imposed by statute. ~~However, for~~
~~43 22 school districts the costs of a judgment or settlement under~~

~~43 23 this section shall be included in the district management levy
43 24 pursuant to section 298.4.~~

43 25 Sec. 94. Sections 257.5, 257.15, 257.20, 257.28, 257.29,
43 26 257.33, 257.40, 298.4, 298A.3, 298A.5, 425A.1, 425A.6, 426.1,
43 27 and 426.7, Code 2005, are repealed.

43 28 Sec. 95. EFFECTIVE AND APPLICABILITY DATES.

43 29 1. The sections of this division of this Act increasing
43 30 the regular program foundation base and the special education
43 31 support services foundation base, increasing the foundation
43 32 property tax, providing for an alternative allowable growth
43 33 amount, providing for funding of media services and
43 34 educational services pursuant to chapter 257, repealing
43 35 property tax adjustment aid pursuant to section 257.15,
44 1 providing for the deletion of local funding in the form of
44 2 property taxes for the instructional support program, and
44 3 repealing the levies provided for in Code sections 257.28,
44 4 257.29, 298.4, 298A.3, and 298A.5, and making conforming
44 5 changes, take effect July 1, 2005, and are applicable to the
44 6 school budget year beginning July 1, 2006, and succeeding
44 7 budget years.

44 8 2. The sections of this division of this Act repealing and
44 9 amending provisions relating to the family farm tax credit and
44 10 the agricultural land tax credit take effect January 1, 2007,
44 11 for taxes payable in the fiscal year beginning July 1, 2007.

44 12 DIVISION IV

44 13 URBAN RENEWAL AND TAX INCREMENT FINANCING

44 14 Sec. 96. Section 403.5, Code 2005, is amended by adding
44 15 the following new subsections:

44 16 NEW SUBSECTION. 8. An urban renewal area designated as a
44 17 slum or blighted area and established before the effective
44 18 date of this division of this Act is limited to ten years in
44 19 duration counting from the effective date of this division of
44 20 this Act. An urban renewal area designated as a slum or
44 21 blighted area established on or after the effective date of
44 22 this division of this Act is limited in duration to ten years
44 23 counting from July 1 of the first fiscal year in which the
44 24 municipality receives moneys from a division of revenue
44 25 pursuant to section 403.19 for purposes of the urban renewal
44 26 area. An amendment to an urban renewal plan shall not result
44 27 in an extension of the durational limitation imposed in this
44 28 subsection.

44 29 NEW SUBSECTION. 9. An urban renewal area designated as an
44 30 economic development area and established before the effective
44 31 date of this division of this Act is limited to ten years in
44 32 duration counting from the effective date of this division of
44 33 this Act. An urban renewal area designated as an economic
44 34 development area established on or after the effective date of
44 35 this division of this Act is limited in duration to ten years
45 1 counting from July 1 of the first fiscal year in which the
45 2 municipality receives moneys from a division of revenue
45 3 pursuant to section 403.19 for purposes of the urban renewal
45 4 area. An amendment to an urban renewal plan shall not result
45 5 in an extension of the durational limitation imposed in this
45 6 subsection.

45 7 Sec. 97. Section 403.17, subsection 10, Code 2005, is
45 8 amended to read as follows:

45 9 10. "Economic development area" means an area of a
45 10 municipality designated by the local governing body as
45 11 appropriate for commercial and industrial enterprises, public
45 12 improvements related to housing and residential development,
45 13 or construction of housing and residential development for low
45 14 and moderate income families, including single or multifamily
45 15 housing.

~~45 16 is based upon a finding that the area is an economic
45 17 development area and that no part contains slum or blighted
45 18 conditions, then the division of revenue provided in section
45 19 403.19 and stated in the plan shall be limited to twenty years
45 20 from the calendar year following the calendar year in which
45 21 the municipality first certifies to the county auditor the
45 22 amount of any loans, advances, indebtedness, or bonds which
45 23 qualify for payment from the division of revenue provided in
45 24 section 403.19.~~ Such designated area shall not include

45 25 agricultural land, including land which is part of a century
45 26 farm, unless the owner of the agricultural land or century
45 27 farm agrees to include the agricultural land or century farm
45 28 in the urban renewal area. For the purposes of this
45 29 subsection, "century farm" means a farm in which at least
45 30 forty acres of such farm have been held in continuous
45 31 ownership by the same family for one hundred years or more.

45 32 Sec. 98. Section 403.19, subsection 2, Code 2005, is
45 33 amended to read as follows:

45 34 2. That portion of the taxes each year in excess of such
45 35 amount shall be allocated to and when collected be paid into a
46 1 special fund of the municipality to pay the principal of and
46 2 interest on loans, moneys advanced to, or indebtedness,
46 3 whether funded, refunded, assumed, or otherwise, including
46 4 bonds issued under the authority of section 403.9, subsection
46 5 1, incurred by the municipality to finance or refinance, in
46 6 whole or in part, an urban renewal project within the area,
46 7 and to provide assistance for low and moderate income family
46 8 housing as provided in section 403.22, ~~except that.~~ However,
46 9 taxes for the regular and voter-approved physical plant and
46 10 equipment levy of a school district imposed pursuant to
46 11 section 298.2, ~~and taxes for the payment of bonds and interest~~
46 12 ~~of each taxing district must, and the foundation property tax~~
46 13 ~~imposed pursuant to section 257.3, subsection 1, but only as~~
46 14 ~~provided in subsection 8, shall be collected against all~~
46 15 taxable property within the taxing district without limitation
46 16 by the provisions of this subsection. ~~However~~ In addition,
46 17 all or a portion of the taxes for the physical plant and
46 18 equipment levy shall be paid by the school district to the
46 19 municipality if the auditor certifies to the school district
46 20 by July 1 the amount of such levy that is necessary to pay the
46 21 principal and interest on bonds issued by the municipality to
46 22 finance an urban renewal project, which bonds were issued
46 23 before July 1, 2001. Indebtedness incurred to refund bonds
46 24 issued prior to July 1, 2001, shall not be included in the
46 25 certification. Such school district shall pay over the amount
46 26 certified by November 1 and May 1 of the fiscal year following
46 27 certification to the school district. Unless and until the
46 28 total assessed valuation of the taxable property in an urban
46 29 renewal area exceeds the total assessed value of the taxable
46 30 property in such area as shown by the last equalized
46 31 assessment roll referred to in subsection 1, all of the taxes
46 32 levied and collected upon the taxable property in the urban
46 33 renewal area shall be paid into the funds for the respective
46 34 taxing districts as taxes by or for the taxing districts in
46 35 the same manner as all other property taxes. When such loans,
47 1 advances, indebtedness, and bonds, if any, and interest
47 2 thereon, have been paid, all moneys thereafter received from
47 3 taxes upon the taxable property in such urban renewal area
47 4 shall be paid into the funds for the respective taxing
47 5 districts in the same manner as taxes on all other property.
47 6 Sec. 99. Section 403.19, Code 2005, is amended by adding
47 7 the following new subsection:

47 8 NEW SUBSECTION. 8. a. For urban renewal plans adopted on
47 9 or after the effective date of this division of this Act,
47 10 taxes collected under subsection 2 shall not include the
47 11 foundation property tax imposed pursuant to section 257.3,
47 12 subsection 1.

47 13 b. For urban renewal plans adopted before the effective
47 14 date of this division of this Act, taxes collected under
47 15 subsection 2 shall not include the foundation property tax
47 16 imposed pursuant to section 257.3, subsection 1, for fiscal
47 17 years beginning on or after July 1, 2015. On or before
47 18 October 31, 2005, a municipality shall report to the
47 19 department of management the status of any loans, advances,
47 20 indebtedness, or bonds issued or incurred before the effective
47 21 date of this division of this Act for urban renewal purposes
47 22 and payable from the special fund in section 403.19,
47 23 subsection 2. The report shall include a schedule of payments
47 24 for such loans, advances, indebtedness, or bonds.

47 25 Sec. 100. NEW SECTION. 403.19A URBAN RENEWAL LEVY TO
47 26 SUPPLEMENT REVENUE SHORTFALLS IN LIMITED CIRCUMSTANCES.

47 27 1. The governing body of a municipality may certify a
47 28 property tax to be levied on all taxable property within an
47 29 urban renewal area to supplement incremental taxes collected
47 30 for purposes of urban renewal if the municipality determines
47 31 that the amount to be collected and deposited in the special
47 32 fund pursuant to section 403.19, subsection 2, will be
47 33 insufficient due to future projected revenue shortfalls
47 34 resulting from one or both of the following:

47 35 a. A decrease in incremental valuation due to
48 1 implementation of section 441.21, subsections 13 and 14,
48 2 affecting property taxes due and payable in the fiscal year
48 3 beginning July 1, 2006.

48 4 b. The changes to the school foundation formula beginning
48 5 with the fiscal year beginning July 1, 2006.

48 6 2. The revenues from the urban renewal property tax levy
48 7 shall be deposited in the special fund created in section
48 8 403.19. A separate account shall be created within the
48 9 special fund for each urban renewal project for which loans,

48 10 advances, bonds, or indebtedness have been issued.
48 11 3. The levy authorized under this section is limited to
48 12 payment of loans, advances, bonds, or other indebtedness
48 13 issued before July 1, 2006. The levy authorized under this
48 14 section shall only be certified by a municipality until loans,
48 15 advances, bonds, or other indebtedness issued before July 1,
48 16 2006, are retired.
48 17 Sec. 101. EFFECTIVE DATE. This division of this Act,
48 18 being deemed of immediate importance, takes effect upon
48 19 enactment.

48 20 EXPLANATION

48 21 This bill makes changes relating to property taxation and
48 22 funding for education.

48 23 Division I of the bill strikes the state reimbursement for
48 24 the homestead property tax credit and military property tax
48 25 credit and changes the credits to exemptions from assessed
48 26 value. The homestead exemption amount is \$4,850. The
48 27 military exemption amount is \$2,000. The division also
48 28 provides that the exemptions are not considered to be newly
48 29 enacted for purposes of state mandate funding requirements.

48 30 The division eliminates the tie between agricultural and
48 31 residential property assessments which limits the increase in
48 32 the percentage of assessed value for property tax purposes for
48 33 one class of property to the increase in the other.

48 34 The division provides that, for purposes of property
48 35 assessment, "residential property" includes all lands and
49 1 buildings which are primarily used or intended for human
49 2 habitation, except rental units or apartment buildings where
49 3 the term of the lease is for 31 or fewer days, hotels, motels,
49 4 nursing homes, and rest homes.

49 5 The division further provides that, for purposes of
49 6 assessment, "residential property" includes the land located
49 7 in a manufactured home community or mobile home park.

49 8 The division applies retroactively to January 1, 2005, for
49 9 assessment years beginning on or after that date.

49 10 Division II of the bill increases from 20 cents to 30 cents
49 11 the square foot tax rate on mobile homes and manufactured
49 12 homes.

49 13 The division also requires a 60 percent majority vote to
49 14 authorize a county or city to exceed its maximum dollars
49 15 limitation. Currently, a simple majority vote is required.

49 16 The division limits the maximum dollar amount of property
49 17 taxes that may be certified by a county or city to the amount
49 18 certified in the previous fiscal year plus inflation and net
49 19 new valuation taxes, with some exceptions. The division
49 20 defines "net new valuation taxes".

49 21 The division applies to fiscal years beginning on or after
49 22 July 1, 2006.

49 23 Division III of the bill provides for an increase in the
49 24 foundation property tax imposed under the state school
49 25 foundation program pursuant to Code section 257.3, from the
49 26 current level of \$5.40 to \$6.75 per \$1,000 of assessed
49 27 valuation on all taxable property in a school district.

49 28 The division also provides for an increase in the regular
49 29 program foundation base and the special education support
49 30 services foundation base under the state school foundation
49 31 program from the current foundation base level of 87.5 percent
49 32 and 79 percent, respectively, to the level of 100 percent of
49 33 state cost per pupil. The foundation base is the specified
49 34 percentage of the state cost per pupil calculation which is
49 35 paid as state aid to school districts, above and beyond the
50 1 foundation property tax.

50 2 The division provides for funding for media services and
50 3 educational services provided through area education agencies
50 4 through the foundation formula. The division provides that
50 5 the media services foundation base is one hundred percent of
50 6 the media services state cost per pupil, and the educational
50 7 services foundation base is 100 percent of the educational
50 8 services state cost per pupil. The division also provides
50 9 that the combined district cost per pupil and state cost per
50 10 pupil calculations include media and educational services
50 11 district and state cost per pupil amounts. The bill
50 12 additionally provides that school districts with special
50 13 education support services, media services, or educational
50 14 services district costs per pupil below their respective state
50 15 costs per pupil will receive an increase in the per pupil cost
50 16 calculated by the department of management to equal the
50 17 respective state cost per pupil.

50 18 The division provides that the department of management
50 19 shall calculate an alternative regular program allowable
50 20 growth for the budget year beginning July 1, 2006, by

50 21 multiplying the state percent of growth for the budget year by
50 22 the regular program state cost per pupil for the base year and
50 23 adding \$440 to the resulting product. The division provides
50 24 that the additional \$440 per pupil shall be subtracted from
50 25 the school district's regular program cost per pupil for the
50 26 budget year beginning July 1, 2006, in determining the amount
50 27 of a school district's budget adjustment for purposes of the
50 28 school district's budget guarantee pursuant to Code section
50 29 257.14. The division provides that a school district shall
50 30 calculate allowable growth for the school budget year
50 31 beginning July 1, 2007, and succeeding budget years, utilizing
50 32 a regular program state cost per pupil figure which
50 33 incorporates the \$440 increase in regular program allowable
50 34 growth for the budget year beginning July 1, 2006.

50 35 The division provides that the board of directors of a
51 1 school district may annually adopt a resolution to allocate a
51 2 proportionate percentage of the increase in allowable growth,
51 3 as increased each year by the state percent of growth,
51 4 representing the maximum amount for which the district could
51 5 have levied for the budget year beginning July 1, 2006,
51 6 pursuant to the property tax component of the instructional
51 7 support program, the educational improvement levy, modified
51 8 allowable growth for the dropout and dropout prevention
51 9 program, the management levy, the enrichment levy, and the
51 10 schoolhouse levy, for purposes consistent with those programs
51 11 and levies as they existed pursuant to sections 257.18 through
51 12 257.27, 257.28, 257.29, 257.33, 257.41, 298.4, and 298A.5,
51 13 Code 2005.

51 14 The division strikes the state reimbursement for the
51 15 agricultural land property tax credit and the family farm
51 16 property tax credit. The division provides for conforming
51 17 changes to provisions of the family farm tax credit and
51 18 agricultural land tax credit, relating to the increase in the
51 19 level of the foundation property tax, and makes additional
51 20 conforming changes.

51 21 The division provides for the repeal of the educational
51 22 improvement levy, the enrichment levy, modified allowable
51 23 growth for dropout and dropout prevention programs, the
51 24 management levy, and the schoolhouse levy. The division also
51 25 provides for the repeal of property tax adjustment aid
51 26 pursuant to Code section 257.15, and eliminates the property
51 27 tax component of local funding for the instructional support
51 28 program.

51 29 The division provides that provisions of the division
51 30 increasing the regular program foundation base and the special
51 31 education support services foundation base, increasing the
51 32 foundation property tax, providing for an alternative
51 33 allowable growth amount, providing for funding of media
51 34 services and educational services pursuant to Code chapter
51 35 257, and repealing the levies provided for in Code sections
52 1 257.28, 257.29, 257.33, 298.4, 298A.3, and 298A.5, the
52 2 property tax adjustment aid pursuant to Code section 257.15
52 3 and conforming changes, and the property tax component of the
52 4 instructional support program, take effect July 1, 2005, and
52 5 are applicable for the school budget year beginning July 1,
52 6 2006. The division provides that provisions of the division
52 7 amending provisions relating to the family farm tax credit and
52 8 the agricultural land tax credit are applicable and take
52 9 effect January 1, 2007, for taxes payable in the fiscal year
52 10 beginning July 1, 2007.

52 11 Division IV of the bill makes changes relating to urban
52 12 renewal and tax increment financing.

52 13 The division limits the duration of urban renewal areas
52 14 designated as slum and blighted areas. If such an urban
52 15 renewal area was established before the effective date of the
52 16 division, the duration is 10 years from the effective date of
52 17 the division. If such an urban renewal area is established on
52 18 or after the effective date of the division, the duration is
52 19 10 years counting from July 1 of the first fiscal year in
52 20 which the municipality receives tax increment revenues for
52 21 purposes of the urban renewal area.

52 22 The division changes the applicability of the durational
52 23 limitation in current law for urban renewal areas designated
52 24 as economic development areas. Under current law, economic
52 25 development urban renewal plans established on or after
52 26 January 1, 1995, are limited to 20 years in duration. The
52 27 division provides that an economic development urban renewal
52 28 area established before the effective date of the bill is
52 29 limited in duration to 10 years from the effective date of the
52 30 division. For an economic development urban renewal area
52 31 established on or after the effective date of the bill, the

52 32 duration is 10 years counting from July 1 of the first fiscal
52 33 year in which the municipality receives tax increment revenues
52 34 for purposes of the urban renewal area.

52 35 The division provides that the school foundation levy
53 1 imposed pursuant to Code section 257.3, subsection 1, shall
53 2 not be collected as incremental taxes for urban renewal
53 3 purposes for urban renewal plans adopted on or after the
53 4 effective date of the division. The division further provides
53 5 that the school foundation levy shall not be collected as
53 6 incremental taxes for urban renewal purposes for urban renewal
53 7 plans adopted before the effective date of the division
53 8 beginning with the fiscal year beginning July 1, 2015.

53 9 The division enacts new Code section 403.19A which allows a
53 10 municipality to certify an urban renewal property tax levy to
53 11 be imposed within an urban renewal area if the governing body
53 12 of the municipality determines that there will be a shortfall
53 13 of incremental revenues due to the provisions of the division
53 14 reclassifying certain property as residential and due to the
53 15 changes made in the division to the school foundation formula.
53 16 The urban renewal property tax levy is only authorized to pay
53 17 on urban renewal indebtedness issued before July 1, 2006.

53 18 The division takes effect upon enactment.

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